

## OHIO COUNCIL OF HIGHER EDUCATION RETIREES (OCHER) REPORT OF MAY 24, 2022

Due to the pandemic and rising gas costs, this was the second meeting of 2022 and the eighth meeting held through the Zoom format. Meeting called to order at 9:30 a.m.

The Minutes from March 22, 2022 OCHER meeting via Zoom were approved.

**OCHER Treasurer, Jim Lapp (Univ. of Toledo).** The current ending balance of the organization is \$5,414.25. Besides contributions to HPA and AROHE, \$266.20 was expensed for OCHER's new website domain. The new domain is ocheroh.org.

OCHER Board agreed on keeping dues at \$100.00 per year, per university. Jim Lapp will send out letters to the Retiree Association representatives for the 2022-23 year.

### **Jerry Newsom (OSU) reported on STRS Board Meeting**

- Ted Seidle (from ORTA) who has been lambasting the STRS Board has lost his battle. He appealed to the Ohio Supreme Court stating STRS refused to turn over documents, but the Supreme Court dismissed his lawsuit last summer saying STRS had turned over everything they needed to.
- Still awaiting the special report from the Auditor of State in response to Seidle's complaints.
- This year's STRS Board elections pitted challengers against incumbents. It was an election with scare tactics, abundant misinformation, and dark money which is unlike previous elections. Incorrect or very misleading statements were a frequent occurrence in emails sent out before the election. The election gave a clean sweep to the three challengers.
- Board members are pitted against each other and a lot of dissension exists. The atmosphere of future Board meetings does not show much promise of being amicable. These problems are compounded by the external constraint of decreasing investment returns and increasing pressure on pension systems everywhere.
- Investments have been flat to date, well below the 7% assumed rate of return.
- June 2017 was the last COLA. There has been much confusion as to when retirees will receive the one-time 3% COLA that was just approved. Distributions vary based on your retirement date. So, if for example, you retired March 2017 and your pension check started April 2017 just add 6 years and the one-time COLA will be in your April 2023 check.
- The Boston College Center for Retirement Research issued a study called "legacy debt." Jerry Newsom states legacy debt "... is debt in a pension system left from the early history of the pension fund." In the early 1900's "benefits were not funded using modern actuarial practices until much later, utilizing instead either a pay-go approach (in which annual payments to retirees were simply paid out of current government revenues), or some form of 'much more lax' actuarial funding methods. In either case, the result was a 'saddling' of the plans with 'decades of unfunded benefit accruals.'" "OPERS and STRS had the greatest portion of their unfunded liabilities (74%) attributable to legacy debt."

### **Greg Nickell (STRS) 2023 Health Care Update:**

- The Basic Plan will cover **ALL** in-network PCP Office visits at \$20.00 copay instead of only the first two.
- Decrease the Rx out-of-pocket limit to \$4,000 from \$5,100 for both non-Medicare and Medicare.
- Instead of \$29.90 being added to pension checks, there will be a \$30.00 monthly premium reduction. So, an additional .10 will be in pension checks (only work with whole amounts for insurance).
- Medicare retirees will show a decrease in premiums while non-Medicare retirees will show a \$12.00 increase in the Basic Plan. **NOTE: PREMIUM AMOUNTS WILL BE SET IN JUNE 2023.**
- The Health Care fund continues to get stronger. However, Greg said they are unsure of future premiums due to 1) inflationary pressures, 2) the federal reimbursement may change with is always a risk, and 3) still no employee contributions going towards healthcare (it all goes toward the pension fund).
- Greg said for the above reasons, STRS likes to maintain a 40% buffer in the healthcare fund in case any of these change. The health care fund is currently in a good position and they are hoping to hold onto that.

### **Legislative Report (Anne Erkman in for Marla Bump, Director of Government Relations for STRS Ohio)**

- Anne said there are still no Bills dealing with STRS directly.
- Still no movement on the COLA Bills.
- HB 601, HB 562 and HB 280 all deal with the COLA but are basically backed by Democrats with no Republican support. Anne feels that chances are SLIM for passage.
- Funston was the company performing the Fiduciary Audit for STRS. They felt there were a lot of things STRS was doing right, but there's always room for improvement (however, she didn't offer any of their findings).
- Police and Fire Pension system is the worst of the 5 in Ohio. They have stopped all healthcare---sending all retirees out to the market place.
- Raising employer contributions to the pension systems is always a problem because this usually results in some kind of tax increase (which never goes over well with the public).

### **Legislative Report (Anthony Tedesco in for Gordon Gatiem, Director of External Relations for OPERS)**

- Poll workers can now make up to \$1,000 before having to contribute to OPERS. However, they will now receive 1099's if they make over \$600.00.
- The OPERS Combined Plan has been closed off to new members. The Member-Directed and Traditional Plan are still in effect.
- Windfall Elimination Provision (WEP)—this affects both STRS and OPERS. There are two basic paths, 1) full repeal and 2) reform of current formula. The full repeal would cost Social Security the most money (approximately \$150 billion). Both OPERS and STRS are in support of reforming the current formula. It's a proportional formula taking non Social Security service into account.

## **CAMPUS AND ASSOCIATION REPORTS FROM OCHER MEMBER UNIVERSITIES**

No campus reports given at this meeting.

### **MISCELLANEOUS ITEMS**

A new President of OCHER, Dan Sheffer (University of Akron) was appointed for a two year term. (Jerry Feezel served his two year term). No Vice President has been appointed as of 5/24/22. Michele Hobbs and Jim Lapp; Secretary and Treasurer respectively, will remain in their positions for the 2022-23 year.

An OCHER member asked if Dan Sheffer could have an OPERS Health Care representative involved for our September meeting.

An OCHER member also asked if the September 2022 meeting could be hybrid. Her concern was the rising cost of gas prices. Dan said he would check into the possibility, but he said there was only 1 microphone in the STRS conference room and he felt people wouldn't want to come to the front of the room each time to ask questions. He will check with the STRS staff.

Remaining 2022 meetings of OCHER:

Tuesday, September 27, 2022 (Dan will check to see if meeting can be held hybrid)

Tuesday, November 15, 2022

Respectively submitted by  
Marianne Anderson